associated with developing trunk ordering systems. In no instance should these costs be recovered from competitors." (Id. at 17).

Mr. Gillan later comments that "'trunk billing' capability. is a consequence of Ameritech's proposed ULS structure which requires that carriers purchase trunk ports to obtain unbundled shared-dedicated transport," and that "Ameritech has decided to implement this option, generally over the objection of all potential ULS purchasers, with Ameritech claiming that such an arrangement is necessary to comply with the Federal Act. In no event should these costs be imposed on Ameritech's rivals." (Id. at 19).

Mr. Gillan also recalculated the TELRIC costs of ULS Billing Development charges by first eliminating all costs applicable to Trunk Billing Development, then increasing demand to include all of Ameritech's "1456 end offices." He also "adjusted the projected demand to assume a system-wide deployment, with at least two carriers (including Ameritech) offering service at each end office. In addition, the demand projection estimates that 50% of the offices would have 3 entrants, 34% of the offices would have 4 entrants and 15% of the offices would have 5 entrants." (Id. at 20-21).

Mr. Gillan questions whether a "specific charge is warranted," then provides a matrix showing why he believes the Billing Establishment Charge (BEC) is an "effective barrier to entry" for CLECs. (Id.at 21-22).

In his surrebuttal testimony, Mr. Gillan states that Staff's "description of the cost-basis for the BEC indicated a mistaken belief that Ameritech must reprogram its billing systems and switching systems for each new user." He further states that "Ameritech's proposed BEC recovers what Ameritech alleges are its total costs to establish a billing system that is independent of the number of carriers or end offices where unbundled local switching is ordered." He then restates, based on his own rebuttal testimony, that "these attributes of Ameritech's ULS product are unnecessary for a ULS network element, were adopted by Ameritech to establish a barrier to entry, and should not be imposed on competitors." (WorldCom Exhibit 1.3 at 3).

Position of Staff

Staff witness Price questioned the appropriateness of the ULS billing development charge in both his direct (Staff Exhibit 1.00 at 17) and rebuttal (Staff Exhibit 1.01 at 4) testimonies. In his surrebuttal testimony, he indicates that "additional inquiries" were made to Ameritech regarding the ULS billing establishment charges. He notes that Ameritech provided updated hours for time spent programming for Usage Billing Development and Trunk Ordering Development, and how the actual hours shifted from Trunk Ordering to Billing Development in the final analyses. (Staff Exhibit 1.02 at 11-12). Finally, he addresses the point that Ameritech is also a user (Id. at 13), then recalculates a new cost per-carrier per-switch based on Ameritech's updated hours, but using a demand figure based on estimates provided in Mr. Gillan's testimony.

Staff urges the Commission to order Ameritech to recalculate the TELRIC costs for ULS Billing Development Charges using the demand figure Mr. Gillan calculated (5,286) and the revised costs Mr. Price calculated ($773,028) to determine the new price per-carrier per-switch of $146.24. Staff's recommendation is supported by the testimonies of both Mr. Gillan, who determined the demand figure based on his own independent analysis, and which is substantiated by the testimony of Mr. Sherry, who provides updated demand information from the perspective of AT&T based on a January 10, 1997 order to Ameritech. In addition, using the demand estimate provided by Mr. Gillan will have the effect of spreading the demand over the life of the expense, rather than allowing Ameritech to recover the expense from its first 25 customers. The combination of these testimonies lends strong support to Staff's recommendation on the demand estimate.

However, Staff is not convinced that Ameritech should not be allowed to recover the costs for ULS Billing Development Charges. Costs incurred by the incumbent LEC to provide UNEs and interconnection are a legitimate expense to be recovered through rates, and, in this instance, there is an obvious need to update mechanized systems to support new services. For these reasons, Staff recommends using Ameritech's revised costs as calculated by Staff and dividing those costs by Mr. Gillan's demand estimates to determine the new TELRIC amount of $146.24. If it is determined, however, that Ameritech's ULS Billing Development Costs include costs associated with its proposed transport arrangement, those costs should be excluded from this calculation. None of the intervening parties plan to purchase Ameritech's arrangement, therefore it is not plausible that they should have to pay for it.

Position of Ameritech Illinois

Ameritech Illinois does not specifically address this issue in its direct testimonies. Based on questions raised by intervenors and Staff, Mr. O'Brien describes the "Usage Development and Implementation Charge" in his supplemental rebuttal testimony as a charge that "recovers the costs required to make the extensive modifications to Ameritech's ordering and billing systems which were necessary to accommodate ULS. It represents the estimated hours required to identify, analyze, design, code and test the changes required to modify Ameritech's ordering and billing systems for ULS." (AI Ex. 2.2 at 21). He also states that the changes are required because Ameritech's "existing ordering, message recording, rating and billing systems" were "not designed to address situations involved in an unbundled network element environment." (Id. at 22) He further states that "all of Ameritech's core ordering and billing systems are affected by these changes." But for the introduction of ULS, Ameritech would not be making these changes.

Mr. Palmer in his rebuttal testimony states that "the total ULS billing development cost was spread over a forecast of the number of switches from which each CLEC was expected to order ULS. The rationale for this methodology was that CLECs providing more services using ULS should pay their proportionate share of

costs." (AI Ex. 3.1 at 24-25). Mr. O'Brien continues that "the non-recurring ULS Usage Development charge was determined by dividing the total costs incurred by the expected demand forecast," (Id. at 24) and that it "was developed based on the best estimates we had available at the time regarding how many carriers would subscribe to ULS and in how many switches." Mr. O'Brien also responded to testimony criticizing the demand component cost calculation underlying the Charge. He testified that the demand forecast for this rate element was based on industry experience in the past 18-24 months. The forecast led Ameritech to conclude that only a limited number of new entrants would purchase ULS as their primary vehicle for serving end user customers. He criticized WorldCom's position that demand estimates should include Ameritech as totally improper. He concluded that unless intervenors "are now stating that their respective companies are intending to order ULS in all of Ameritech Illinois' switches, we have no other evidence that the proposed charge is unreasonable." (Id. at 26).

Mr. O'Brien, in his surrebuttal testimony, states that since "Mr. Price does not find the total charges for Usage Development and implementation to be excessive, his concern, though unstated, may be that the number of ULS subscribers would significantly exceed the projected demand." (AI Ex. 2.3 at 2). He further states that "Ameritech Illinois is willing to commit to a review of this charge at some point in the future should actual orders and/or firm commitments for ULS ever reach a level such that continued application of the proposed charge would result in any substantial over-recovery of the costs. .Should there be any customers having already paid the currently tariffed nonrecurring charge, appropriate refunds of a portion of those charges could be considered to the extent that any revised prices cover the costs of such refunds." (Id. at 3).

Mr. O'Brien opposed the AT&T position that the costs for developing this charge be recovered in a competitively neutral manner arguing that such a cost recovery scheme inevitably would involve some carriers subsidizing other carriers. He also comments on statements made by Mr. Gillan and Mr. Sherry. His answer to their recommendations for greatly reducing the rate for Billing Development is, "ULS is but one choice for competitive entry and those carriers who choose this method should bear the costs associated with ULS provisioning." Further, he states that "Mr. Gillan's assertion. . . that Ameritech needs the same functionality as that provided to ULS subscribers via the Usage Development and Implementation charge in order to issue accurate bills for its own services. . . is not true. Ameritech Illinois' ability to bill its own customers is unaffected by the provision of ULS to other carriers." (Id. at 5). He continues by rebutting several other statements attributed to Mr. Gillan. (Id. at 6-8).

Mr. O'Brien also responded to WorldCom's argument that the expenses underlying the Charge cannot be recovered because they are past costs. He asserted that this argument is ridiculous under incremental cost principles. Finally, Ameritech responded to the assertion that costs underlying the Charge would not have been incurred had it offered a "common transport" option. Ameritech contended that it would have incurred the costs irrespective of whether an additional common transport option

is ultimately required by the FCC. This is because the Charge is designed to modify its ordering, message recording, rating and billing systems to accommodate ULS types of calls, irrespective of how they are transported.

Commission Analysis and Conclusion

We reject AT&T/MCI's contentions that Ameritech Illinois is not entitled to reimbursement for the costs reflected in the charge. The charge is designed to recover costs associated with the modification of its ordering, message recording, rating and billing systems to accommodate calls on a unbundled network such as: 1) calls which remain within the switch; 2) calls which originate from a ULS line port and switch but are outbound irrespective of how local transport is provided; and 3) calls which represent incoming traffic entering the switch via a trunk port, and terminating on one of the switches line ports, again regardless of how transport is provided. We note that Ameritech Illinois will still need to modify its billing system under the common transport option which we have herein ordered. The modifications are necessary to recognize when traffic comes over a common trunk shared with Ameritech and is delivered to an Ameritech Illinois line port versus being delivered to the line port of a purchaser of ULS.

We agree with WorldCom that Ameritech's charges are based on a self-fulfilling prophesy that few unbundled local switching elements will be ordered. A per carrier per switch charge of $33,668.81 would cost a single carrier competing in all of Ameritech's local exchange markets $12,000,000. This per switch charge for a new entrant with few or no customers in and of itself creates a barrier to entry to the development of any local exchange competition.

We consider Staff's pricing proposal to be the best option presented on the record. It is based on Mr. Gillan's far more realistic demand estimates, and is substantiated by other testimony. Furthermore, since we have rejected Ameritech Illinois' proposed transport arrangement, we agree with Staff that any costs associated with that arrangement should be excluded from the charge. Accordingly, we direct Ameritech Illinois to recalculate the Usage Development and Implementation charge in accordance with the Staff proposal.

C. *Port Charges*

AT&T/MCI argue that Ameritech Illinois' tariff unacceptably imposes separate charges for line-side and trunk-side ports. These parties contend that its imposition of separate charges is inconsistent with the FCC's definition of ULS as including both line-side and trunk-side functionalities. Accordingly, they contend that the ULS purchaser should pay a single monthly recurring charge, and that a separate ULS trunk port charge is appropriate only if a carrier decides to purchase dedicated port facilities for connection to one of Ameritech's three transport options.

Ameritech Illinois contends that the complaints are not well founded, because there is no necessary relationship between the number of line-side ports on the one hand and trunk-side ports on the other hand that a purchaser may order. The number of trunk-side ports in relation to line-side ports will be a function of the type of transport options which a purchaser wishes to utilize or, alternatively, whether a ULS purchaser wishes to send traffic over the Company's public switch network. Further, Ameritech contends that their position amounts to wanting a common trunk-port option which Ameritech Illinois argues is inconsistent with the Access Charge Reform Order and the discussion therein concerning the recovery of port costs on either a dedicated basis or on a per minute-of-use basis associated with an access trunk.

Commission Analysis and Conclusion

Consistent with our decision on common transport, we conclude that the requested functionality should be provided. Moreover, Ameritech Illinois shall impose a single monthly recurring charge for its ULS offering instead of separate charges for line side and trunk side ports unless the ULS purchaser also decides to purchase dedicated port facilities for connection to one of Ameritech Illinois' three transport options.

D. Switch Feature Request Process

AT&T/ MCI

Another flaw that AT&T and MCI note in Ameritech's ULS offering is the Switch Feature Request ("SFR") Process, similar to a BFR process, to obtain access to certain switch functions which the switch is capable of providing but that are not currently available from Ameritech at retail. (AT&T Ex. 8.0 at 15). A BFR process is neither necessary nor appropriate when the switch capability for a certain function already exists and just needs to be "turned on" for CLEC use. (AT&T Ex. 8.0 at 14-15). Requiring a CLEC to pursue a lengthy BFR process when the switch already is capable of providing the functionality would be unnecessarily time-consuming and cumbersome and, as a result, an anticompetitive attempt to complicate and delay CLEC operations. (AT&T Ex. 8.1 at 21).

Ameritech's attempt to alleviate these concerns via its proposed SFR process misses the mark. While AT&T and MCI agree that some type of procedure is necessary to activate a feature that Ameritech does not currently make available at retail, the procedure should be simple and expedient. Its proposed procedure, which lingers over more than two months and contains many potentially unnecessary steps, unduly extends the time it takes to make a feature operational. (AT&T Ex. 8.1 at 20-22).

Additionally, they contend that the Company's proposal that these feature requests be evaluated on a switch-by-switch basis and that requests to activate features in multiple switches require negotiated completion intervals also needlessly

extend the process. There is no valid reason why a CLEC should not be able to place a blanket order for a switch feature -- for example, in all switches in which that feature is resident in MSA1 -- once the right to use the future has been established. (AT&T Ex. 8.1 at 23).

Ameritech Illinois

Ameritech Illinois responds to the AT&T/MCI complaints concerning the SFR Process it offered. Ameritech Illinois proposes a switch feature request process which permits carriers to activate features that are resident in a switch, but not currently offered to carriers or end users. Ameritech contends that this process is necessary, because it enables the Company to check the switches in which the feature is requested and to perform the necessary make-ready work to make sure that the switch and the features work together properly and that the feature can be billed properly.

Commission Analysis and Conclusion

We conclude that Ameritech Illinois' proposed switch feature request process is a reasonable means for the company to make necessary adjustments to its billing system or to check its switching systems when a new software feature is activated. We reject the contentions that the process is anticompetitive, rather it is a prudent and necessary precaution.

E. Centrex Charge

AT&T/MCI

AT&T and MCI point to the ULS tariff as containing yet another inappropriate charge on CLECs, specifically an additional monthly charge of $445.65 for the Centrex "system features" related to the use of the Centrex Common Block by the CLEC's retail customer. This charge is duplicative, however, because Centrex "system features" are among the available features of the unbundled switch to which the ULS subscriber is entitled, by definition.

They argue that Ameritech cannot properly require ULS purchasers to pay for Centrex features on a per-activation basis. These parties cite to ¶412 of the FCC Order, which references ULS including "all vertical features ... including ... Centrex." Pursuant to this language, they contend that the Company must make all Centrex features available without charging individually for them.

Ameritech Illinois Position

Ameritech Illinois responds to their complaints that its ULS offering improperly requires purchasers to pay for Centrex features on an "a la carte" basis. The Company

explained through Mr. O'Brien that Centrex features are made available through Centrex line ports but are not charged for unless requested by a ULS Centrex customer. Ameritech contends that it would be improper for it to attempt to estimate the demand for these features and then average them into a line-port charge, thereby causing all ULS customers to contribute to the recovery of such a cost, even though some customers would not wish to purchase some or any Centrex features. Further, it contends that its proposal for recovering Centrex costs is consistent with the FCC Order, which contemplates individual features being obtained "at cost-based rates." (FCC Order, ¶ 414, 423).

Commission Analysis and Conclusion

We consider Ameritech Illinois' approach to be reasonable based on its assertion that the Centrex feature is not charged for unless requested by a ULS customer.

F. Bundling of UNEs

Position of Ameritech Illinois

Ameritech Illinois argues that end-to-end network element bundling would have a chilling effect on entry from facilities-based providers investing in alternative technologies and disadvantage facilities-based competitors (who build their own facilities) against carriers offering local service through end-to-end UNE service. (AI Ex. 6.0 at 10-11). The Company also argues that such end-to-end bundling would allow new entrants to circumvent the resale restrictions, joint marketing restrictions and unavailability of intraLATA toll dialing parity that would affect new entrants relying on resale to provide local service. (AI Ex. 6.0 at 27-29).

Ameritech Illinois responds to the Staff and WorldCom criticisms concerning its tariffs and whether they provide UNE combinations, or a "platform." First, it argues that Staff makes an unnecessary request that the Commission reaffirm that the Company is prohibited from restricting end-to-end network element bundling by stating that it in no way restricts such bundling of network elements.

Further, Ameritech Illinois responds to WorldCom's contention that it has not proposed prices for network element combinations. Ameritech argues that it is inappropriate to proceed on the assumption, as WorldCom does, that there is a one-size-fits-all platform which will please all purchasers. The Company points out that there are numerous permutations with respect to the design platforms and different combinations of UNEs based on the services which a ULS purchaser wants to provide itself in combination with those elements which are purchased from Ameritech Illinois. Further, Ameritech contends that as a matter of law, the company fully complies with the FCC's rules. First, it points out that it does not in any way restrict requesting telecommunications carriers from combining network elements purchased from it.

Further, Ameritech points out that it does not deny requests for network elements that contain current combinations of UNEs, such as a loop and a port.

In its Reply to Exceptions, Ameritech Illinois maintains that the prices of UNEs ordered in combination must be the sum of (1) the recurring charges for each element in the combination plus (2) all applicable non-recurring charges for any work actually performed by Ameritech Illinois to provide the combination. It asserts that for some combinations the applicable recurring and nonrecurring charges may be determined on a generic basis, but most other combinations require at least some custom design or engineering work and the applicable charges cannot be determined until the specific combination is actually ordered. It notes that most combinations identified by AT&T/MCI, many of which AT&T has agreed to order through a bona-fide request process, include dedicated transport and custom routing. The charges will depend on the specific transport and routing requested.

Ameritech Illinois requests that it be allowed to submit a tariff and cost support for the FCC-defined shared transport, and a cost study to develop non-recurring charges for the loop/line card/shared transport combination.

Position of Intervenors

WorldCom argues that Ameritech improperly has failed to set forth prices for network element combinations. WorldCom argues that under the FCC's rules, the "LEC shall not separate requested network elements that the incumbent LEC currently combines. It argues that Ameritech does just this, by not setting forth prices for current network element combinations.

WorldCom witness Gillan testified that non-recurring charges that apply to individual network elements are not appropriate when these components are ordered as existing combinations. Ameritech would be performing substantially different activities for individual elements, such as circuit disconnections, insertion of testing points and cross-connections to another network that do not apply when current combinations are ordered. Ordering existing network element combinations minimizes the cost and delay of moving customers among competing local providers. Standardized ordering procedures would be similar to a PIC change of long distance carriers, causing minimal non-recurring charges and processing. WorldCom argues that the current PIC change charge of five dollars per line substantially exceeds its cost and should be used as an interim rate while the Commission requires Ameritech to provide a cost basis in setting a permanent nonrecurring charge for a requesting carrier's ordering of Ameritech's existing network element combinations.

Position of Staff

Staff takes the position that the Commission should reaffirm its conclusion in the wholesale proceeding, Docket 95-0458/95-0531, that Ameritech is prohibited from restricting end-to-end network element bundling.

Commission Analysis and Conclusion

The Commission rejects Ameritech Illinois' critique of end-to-end network element bundling. As stated in our Order in Docket 95-0458/0531, the offering of end-to-end bundling is consistent with the requirements set forth in the 1996 Act. The Commission also agrees with Staff's position that there are significant benefits to the availability of end-to-end network element bundling as a means of provisioning local service. For example, with the availability of end-to-end network element bundling, the new entrant will not be tied to the incumbent LEC's retail price structure. Therefore, it can provide end users with a wider array of service offerings and pricing options.

The U.S. Court of Appeals 8th Circuit reached a similar conclusion in its decision where it held that "despite the petitioners' extensive arguments to the contrary, we believe that the FCC's determination that a competing carrier may obtain the ability to provide telecommunications services entirely through an incumbent LEC's unbundled network elements is reasonable, especially in light of our decisions regarding the validity of other specific FCC rules." We note that despite the concerns it raised in its testimony, Ameritech Illinois now states that it does not restrict end-to-end bundling and is apparently aware that it is prohibited from doing so.

The essence of the remaining issue between the parties appears to be whether (and which) nonrecurring charges should apply when a competitor purchases particular combinations of unbundled network elements. We conclude that the parties have not provided sufficient information in this record to enable us to render a decision on this matter. We direct Ameritech Illinois to submit additional testimony in the next stage of this proceeding (at the time it submits its proposed compliance tariff filing) which addresses, for each UNE combination identified by AT&T/MCI and WorldCom: 1) a description of the extent to which the separate elements of each combination are combined in Ameritech Illinois' own network for its own use; 2) the separate unbundled element prices which Ameritech Illinois proposes would apply to a purchase of the combination; 3) a description of any additional activities and the costs of those activities which are required to provide each unbundled element combination where recovery of the costs of those activities is sought ; 4) an identification of each nonrecurring charge which Ameritech Illinois proposes would or may apply to the purchase of the UNE combination; including an identification of all nonrecurring charges which Ameritech Illinois proposes would or may apply to the situation where an end user's existing service is converted "as is" to a new entrant and 5) a description of

the basis for calculation of each nonrecurring charge which Ameritech Illinois proposes would or may apply. Ameritech Illinois may submit any cost studies which it believes support its proposals.

G. 800 Calls and the ULS Platform

Position of AT&T/MCI

AT&T/MCI contend they have been denied the right to provide originating and terminating access services for 800 calls routed in conjunction with the ULS network element.

Position of Ameritech Illinois

Ameritech Illinois responded to AT&T/MCI criticisms with respect to 800 calls and access services under the ULS platform. The Company explains that the availability of access services (i.e., access charges) for subscribers of ULS in the context of 800 services is a function of how the 800 call is routed. When one of the three transport options offered by Ameritech is utilized, the ULS purchaser bills applicable access charges for an 800 call. By contrast, if an 800 call originates from the ULS purchaser's line port and is routed via the Ameritech Illinois switched network, the ULS purchaser is not charged for ULS usage, nor does the ULS purchaser bill access to the IXC.

Commission Analysis and Conclusion

As we found in the above section regarding originating and terminating access charges to interexchange carriers, Ameritech Illinois' position is unacceptable. There is no substantive distinction between the handling of 800 traffic and the handling of interexchange traffic. We again find that carriers purchasing the switch platform are entitled to the exclusive right to provide the exchange access therefrom and to the exclusive right to receive the associated access revenues.

H. Service Quality

Ameritech Illinois Position

Ameritech Illinois contends that it is inappropriate to address in this docket contentions concerning ordering and provisioning intervals for loops and other UNEs where those issues are being more fully addressed in the Checklist proceeding. Further, Ameritech Illinois argues that the standards which AT&T/MCI seek are inconsistent with AT&T's interconnection agreement with Ameritech, which sets forth separate (and different) performance standards for unbundled elements in comparison

to resold services. Further, it opposes Staff's suggestion that loop provisioning performance reports and standards be the subject of a tariff, where Ameritech has never tariffed performance reports and standards for its own bundled services.

Position of Intervenors

AT&T/MCI complain that Ameritech's tariffs fail to specify provisioning and performance intervals for loops and other UNEs. These parties contend that the standards for these elements should be the same as those for wholesale and retail bundled services.

AT&T also complained that the proposed tariff contains no provisions to ensure nondiscriminatory provisioning of loops and the platform. Ameritech witness Alexander testified in the Section 271 checklist proceeding, Docket 98-0404, that the loop provisioning intervals set forth in the AT&T/Ameritech Interconnection Agreement may not apply to the migration of existing loop facilities to a CLEC switch, and that the cutover process may subject the CLEC customer to longer provisioning intervals than those experienced by Ameritech's retail customers. (AT&T Ex. 8.0 at 27). Given the likelihood that the majority of CLEC loop orders will be for transfer of existing facilities, CLECs connecting unbundled loops to their own switches will be placed at a distinct marketplace disadvantage in provisioning service to their customers.

Staff Position

Staff believes that it is inadequate simply to determine a price for a product. For a price to be meaningful, there must be an understanding of what form, or quality, the product is to be provided in. The UNE purchaser will have legitimate expectations of the seller, in this case Ameritech Illinois, regarding product timing and quality.

Staff recommends that Ameritech be held to the UNE performance benchmarks that were developed in Dockets 98 AB-003/004, as identified in Schedules 3.8, 9.5, 9.10, and 10.9.2. These schedules are attached to Staff Ex. 8.00.

Commission Analysis and Conclusion

The Commission agrees with Staff's observation concerning the critical importance of service quality standards and ordering and provisioning intervals in the UNE environment. These issues were extensively litigated in the Ameritech/AT&T and Ameritech/MCI arbitrations with virtually identical results. Similar provisions have also been incorporated into other interconnection agreements. Accordingly, we believe it is appropriate to direct Ameritech Illinois to include in its compliance tariff filing made prior to the second phase of this proceeding, tariff provisions which incorporate the service quality standards and intervals prescribed in the final interconnection agreement between Ameritech Illinois and AT&T, which are identified in this record in the schedules attached to Staff Ex. 8.0. These tariff provisions shall be subject to such

modifications as are necessary to conform to any decisions we render after consideration of related issues in Docket 96-0404.

I. Maintenance Issues

Ameritech Illinois Position

Ameritech Illinois opposes AT&T/MCI's proposal that its collocation tariff be amended to permit carriers to perform maintenance on their own equipment under a collocation arrangement. It argues that such a change to the Company's tariffs is not consistent with the Commission's rulemaking in Docket 94-0049, where the Commission adopted rules making it clear that an interconnector using virtual collocation does not have access to virtual collocation equipment for any purpose, including maintenance.

Position of AT&T/MCI

AT&T/MCI argue that Ameritech's collocation tariff should be amended in order to bring it into conformity with its interconnection agreement with AT&T. That agreement permits maintenance of virtual collocated equipment by AT&T.

Commission Analysis and Conclusion

We agree with Ameritech Illinois that our existing collocation rule (83 Ill. Adm. Code 790.110) provides that an interconnector does not have access to virtual collocation equipment for any purpose, including maintenance of that equipment. We may, however, need to revisit this provision in the future.

Further, the Commission observes that not all carriers may be as experienced in performing maintenance as AT&T. Accordingly, the Commission does not deem it appropriate at this time to require Ameritech Illinois to offer on a tariffed basis the same type of access to virtually collocated equipment for maintenance purposes as it does to AT&T on an agreement basis.

J. Structure Access Tariff Issues

Position of Ameritech Illinois

To support its rates for pole attachments and conduit occupancy, Ameritech has submitted what it has coined an "informational tariff" since Section 224 of the Act gives jurisdiction over the rates, terms and conditions of access to poles, ducts, conduits and rights-of-way to the FCC unless and until a state asserts jurisdiction and certifies its jurisdiction to the FCC. (AT&T Ex. 8.0 at 34). If this Commission asserts its jurisdiction

over these matters pursuant to Section 224, then this portion of Ameritech's proposed tariff would become effective automatically. (AI Ex. 2.0 at 44-45).

The Company addressed several issues concerning access to poles, conduits, ducts and rights-of-way (herein "structure") that were raised by the parties. First, it opposes Staff's suggestion that language in its proposed tariff be eliminated which permits it to limit the number and scope of structure access requests at any given time in order to ensure orderly administration of such requests. Ameritech argues that such language is necessary in order to ensure that competition is not hampered by one party placing an overwhelming number of requests.

Further, Ameritech opposes Staff's recommendation that the Company be required to specify an hourly charge for the expense of conducting periodic inspections. It contends that such charges need to be developed on a case-by-case basis, consistent with TELRIC cost concepts, because of the wide variety of situations where inspections will take place.

The Company also responds to AT&T/MCI's position that it needs to modify its informational tariff for structure access to conform with the outcome of the AT&T arbitration decisions. In its Reply Brief, Ameritech stated that it is willing to do so.

AT&T and MCI

AT&T and MCI urge this Commission to assert its jurisdiction over pole attachment and conduit occupancy matters. They further urge this Commission to reject the notion that, by exercising this jurisdiction Ameritech's informational tariff will become effective automatically. Instead, they contend that these rates must be evaluated carefully for consistency with the law, FCC regulations and their impact on local competition. They recommend that since poles and conduit pricing must be calculated using special cost guidelines, a separate docket may be necessary. (AT&T Ex. 8.0 at 35). Finally AT&T and MCI note that Ameritech's informational tariff is at odds with portions of the Commission's arbitration decisions. They argue that Ameritech's informational tariff should be modified in three respects to conform with the AT&T arbitration decision. First, the tariff should be modified so that Ameritech does not require evidence that AT&T has authority to occupy a particular right-of-way. Second, the tariff should be modified to eliminate language requiring that employees of AT&T/MCI or their contractors who work on structure have qualifications equivalent to Ameritech employees and contractors. Finally, they contend that its tariff improperly limits access to its rights-of-way.

Staff

Staff identified several issues relating to Ameritech's tariff language. Staff Ex. 6.00 at 3-9. During the proceedings, several of those issues have been addressed and satisfactorily resolved between Ameritech and Staff. There are, however, some issues

that remain outstanding. Staff had identified that in Part 2, Section 6, Sheet 1, Paragraph 1 of the tariff document only cable television systems were listed for attachment to poles, ducts, conduits and right-of-ways. Staff suggested that this language be expanded to include new LECs in this first paragraph of the section. (Staff Ex. 6.02 at 4-5, Staff Ex. 6.00 at 6).

Ameritech Illinois identified that elsewhere in the tariff, there is a definition which includes new LECs (Part 2, Section 6, Sheet 2) and expansion of the language is not needed. (AI Ex. 2.1 at 23).

Although Staff realizes that this definition section exists, it recommends that, in order to ensure charity, the initial paragraph of this section should be expanded to include new LECs.

Staff identified that there is in Part 2, Section 6, Paragraph 6, a statement that the company may "limit the number and scope of requests for attaching parties being processed at any time and may prescribe a process for orderly administration of such requests". This language, which relates to the poles, ducts, conduits and right-of-ways, is not clear in how it shall be administered. Staff recommended that, unless Ameritech can demonstrate that a sound reason exists for the limiting and that safeguards to present the hampering of competition are present, the language should be deleted. (Staff Ex. 6.00 at 6).

Although Ameritech did provide an example of how the limiting would be invoked, Staff still indicated that it was concerned that the Company could impact competition negatively by not processing requests, or at least be accused of same. (AI Ex. 2.1 at 24, Staff Ex. 6.02 at 5-6). Therefore, because Ameritech has not demonstrated that safeguards will exist to prevent the hampering of competition, Staff recommended that this language be deleted.

Again relating to poles, ducts, conduits and right-of-ways, in Part 2, Section 2, Sheet 12, Paragraph 12 of the proposed tariff, Ameritech states that it shall "make periodic inspections of the attachments of attaching parties on the Company structures. Attaching party will reimburse Company for expense of such inspections." The amount, however, of the reimbursement for the expense is unknown. Although Staff did not take exception to Ameritech making these inspections, it recommended that the charges be identified for both the Commission and the new carriers. (Staff Ex. 6.00 at 6-7).

Mr. O'Brien stated on pages 24 and 25 of his rebuttal testimony that it is not possible to show actual charges in the tariff for Ameritech to make periodic inspections of the attachments of the attaching party for poles, ducts, conduits and right-of-ways.

Staff suggested that, realizing the scope and complexity of the attaching parties' structure and that those attachments will vary, the Company should identify at least an

hourly rate for its inspection. With this information, both the Commission and new carriers can review those charges for appropriateness. (Staff Ex. 6.02 at 6).

Commission Analysis and Conclusion

The Commission chooses to assert its jurisdiction over pole attachment and conduit occupancy matters now to allow it to establish policies and pricing for pole attachments and conduit occupancy consistent with the policies and prices it has established in other aspects of the local telecommunications market.

The Commission rejects any notion that Ameritech's Informational Tariff would be automatically effective. Like every other aspect of Ameritech's tariff, its proposed rates and conditions for attachments to poles, occupancy of ducts and conduit space and access to rights-of-way must be carefully evaluated for consistency with the law, FCC regulations and its impact on the development of local competition, a necessity automatic effectiveness does not afford. Because pole and conduit pricing must be calculated using special cost guidelines (other than TELRIC), a separate docket will be initiated to evaluate all relevant factors.

Since we are initiating a separate docket we will not require Ameritech Illinois to develop a single hourly charge for inspections. Ameritech indicates that it cannot develop a "one-size-fits-all" charge. We will evaluate that assertion in the new docket.

In its Reply Brief, Ameritech Illinois indicated that to alleviate a number of concerns raised by AT&T , it would conform its tariff language to the decision in the AT&T / Ameritech arbitration.

There is no evidence that Ameritech's language reserving authority to limit requests for structure is intended to be a tool for anticompetitive behavior. It appears rationally related to a genuine need to ensure an orderly and fair administration of the process. Therefore, we will not require deletion of the language. We do, however, consider the development of more specific standards regarding the potential problem Ameritech has identified to be a fair subject of inquiry in the follow-up Structure Docket.

K. Interim Number Portability

Position of Ameritech Illinois

On page 8 of Mr. O'Brien's direct testimony, AI Exhibit 2.0, he notes that the September 27, 1996 filing sets the rates for number portability services at zero pending the development of a neutral cost recovery mechanism.

Further, on pages 43 and 44 of his direct testimony, he notes that the only change in the proposed tariff is to reflect the Commission's interim order in Docket 95-0296 to suspend the charges applying to the service pending the Commission approval

of a competitively neutral service provider number portability ("SPNP") cost recovery mechanism as required by the FCC in its order in Docket 96-286. In other words, all rate levels are at zero until such time as a competitively neutral cost mechanism can be determined. In the interim, the Company is tracking the costs of providing SPNP for recovery under this mechanism.

Staff

It is Staff's recommendation that Ameritech provide INP at a zero rate. Ameritech should be allowed to book its short-run marginal costs to a deferred account, subject to later recovery from all telecommunications carriers on a competitively neutral basis as determined by the Commission.

Commission Analysis and Conclusion

It appears as though there is no dispute here. Ameritech Illinois' actions are consistent with Staff's proposal.

L. Directory Listings

Staff

It is Staff's recommendation that all new LECs and their customers have nondiscriminatory access to directory listings. This means that access to directory listings should be provided to new LECs at the same price as Ameritech Illinois charges its customers. Staff's recommendation will ensure that one carrier does not obtain an unfair competitive advantage with respect to directory listings.

Commission Analysis and Conclusion

The Commission is unaware of any dispute regarding this point.

M. Access To AIN Triggers

Intervenor Position

In its September 27, 1996 UNE tariff Ameritech included a Section entitled "Advanced Intelligent Network" (AIN) (Ill. C.C. No. 20, Part 19, Section 13, Sheet 1-22). This section described a service that would allow telecommunications carriers mediated access to AIN facilities in order to develop AIN services. This section was left vacant in the proposed tariff attached to Mr. O'Brien's direct testimony.

MCI witness Geisy states: "To the extent AIN capabilities are considered features and functions of the switch and to the extent they are available in Ameritech's network, those features and functions must also be available to users of unbundled local switching." (MCI Ex. 1.0 at 10)

In response, Mr. O'Brien states that "the Commission found that Ameritech should not be required to offer AIN at this time because of the technical problems that need to be resolved, and therefore deferred resolution of these issues to ongoing industry forums." (AI Ex. 2.2 at 28). However, MCI claims that the decision in Dockets 96 AB -003/96 AB-004 that Mr. O'Brien refers to cites unmediated access to AIN triggers to be problematic; it does not refer to mediated access.

Staff

Staff agrees with MCI on this issue. As a result, it recommends that Ameritech be required to reinstate the language of the September 27, 1996 UNE tariff regarding AIN. If investigation of wider access to AIN triggers is needed, that can be addressed in a separate proceeding.

Position of Ameritech Illinois

Ameritech Illinois argues that the record of this proceeding is not sufficient for the Commission to make a determination on the issue of access to AIN triggers. It points out that Staff has filed absolutely no testimony in this proceeding in support of its position that its tariffs should be amended to require "mediated access to AIN facilities in order to develop AIN services." Ameritech points out the Staff has filed testimony in this matter in the Checklist proceeding.

Commission Analysis and Conclusion

There is virtually no information in the record regarding this issue, therefore it is best addressed in other Commission forums.

N. Limitations of Liability

AT&T maintained that Ameritech's tariff contains a limitation of liability provision which is inconsistent with various arbitration decisions rendered by the Commission and should be rejected. Specifically, the language contained on Ill. C.C. No. 20, Part 19, Section 1, Sheets 8-9 contains provisions attempting to limit its liability for damages resulting from its willful or intentional misconduct. This Commission already has found that such a limit is "commercially unreasonable and potentially anticompetitive." (AT&T Ex. 7.0 at 30). It says Ameritech's tariff must be updated to conform with the positions adopted by the Commission on these issues.

Ameritech Illinois stated that it was unable to ascertain what specific language AT&T was referring to, so it could not meaningfully respond.

Commission Analysis and Conclusion

In its Reply to Exceptions, Ameritech Illinois stated that it has no objection to modifying its proposed tariff language to more closely conform to the language in the Commission-approved Ameritech - AT&T interconnection agreement, although there are some complexities involved in redrafting the limitation of liability provisions in generic, non-party-specific terms. Ameritech Illinois proposed to file revisions in the next phase of this proceeding at which time the parties will have an opportunity to comment. The Commission concludes that Ameritech Illinois' suggestion is fair and reasonable.

O. *Additional Proceedings*

We recognize that this proceeding involves many difficult and technical issues. We are concerned that disputes may arise regarding the proper interpretation of this Order. Accordingly, we shall make this an Interim Order and establish a procedure for expedited compliance review.

Ameritech Illinois has suggested that it be required to file "updates" to the TELRIC studies. We reject this suggestion. As TCG stated:

> CLECs need to have sound and stable rates in order to prepare business cases to determine where and how to compete with incumbents- and perhaps where not to compete. If uncertainty about prices becomes prolonged, this condition alone can retard the development of efficient competition.

It has now been over two years since we first attempted, in the Customers First proceeding, to establish reasonable ground rules to enable the development of local exchange competition. Competitors still don't know many of the rules of the game. We believe that this proceeding represents an opportunity to make our best effort to establish what we believe to be just and reasonable rates, terms and conditions for unbundled network elements and interconnection in compliance with the Act. We note that the time framework of our review of forward-looking costs in this proceeding is reasonably consistent with the two or three year duration of the interconnection agreements. We believe that those interconnection agreements, which contemplate renegotiation and the submission of disputed issues to the Commission, establish a reasonable timetable for any necessary Commission reconsideration of the issues herein. We have necessarily deferred consideration of some issues, but we believe that with this Order, together with the interconnection agreements which have been

approved, the framework for competition is now in place. It is time to send telecommunications carriers out of the hearing rooms and into the marketplace.

IV. FINDING AND ORDERING PARAGRAPHS

The Commission having considered the entire record herein and being fully advised in the premises is of the opinion and find that:

(1) Illinois Bell Telephone Company, d/b/a Ameritech Illinois, and other intervenors in this proceeding are telecommunications carriers as defined by the Illinois Public Utilities Act;

(2) the Commission has jurisdiction over the parties and the subject matter of this proceeding pursuant to the Illinois Public Utilities Act and the Federal Telecommunications Act of 1996 ("Federal Act")

(3) these consolidated dockets involve, inter alia, the prices to be charged by Ameritech Illinois, pursuant to Sections 252(d)(1) and 252(d)(2) of the Federal Act for interconnection, unbundled network elements and local transport and termination, as those terms are defined in the Act;

(4) on September 25, 1996, the Commission initiated Docket 96-0486 to investigate Ameritech Illinois' forward looking cost studies and establish more permanent Section 252(d) prices for Ameritech Illinois' provision of interconnection, unbundled network elements and local transport and termination under its interconnection agreements with AT&T Communications of Illinois, Inc. ("AT&T") and MCI Metro Access Transmission Services, Inc. ("MCI") pursuant to Sections 251 and 252 of the Act;

(5) on September 27, 1996, Ameritech Illinois filed tariff rate sheets that embodied, inter alia, prices and other terms and conditions for interconnection, unbundled network elements and local transport and termination that would be available for purchase by all local carriers, including those not party to an interconnection agreement with Ameritech Illinois;

(6) on November 7, 1996, we suspended Ameritech Illinois' tariff filing and Docket 96-0569 was initiated to investigate that filing; we thereafter resuspended the tariff filing on February 20, 1997; On March 6, 1997, Docket 96-0486 and 96-0569 were consolidated;

(7) on August, 1997 by agreement of the parties we dismissed the tariffs filed in Docket 96-0569 while the investigation of the issues raised therein continued;

(8) the findings of fact and conclusions of law set forth in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact and conclusions of law herein;

(9) Ameritech Illinois should be ordered to rerun its cost studies utilizing (i) the fill factor assumptions recommended in Staff's testimony; (ii) the 9.52 percent cost of capital, as recommended by Staff witness Nicdao-Cuyugan and (iii) the latest projection lives and percentages prescribed by the FCC for Ameritech Illinois, as recommended by AT&T/MCI witness Majoros;

(10) Ameritech Illinois should re-run its service coordination fee cost study to remove those duplicate costs already included in its unbundled loop and unbundled switching cost studies, and should re-price its service coordination fee accordingly;

(11) Ameritech Illinois should be required to make all modifications and adjustments to its shared and common costs and allocation methodologies as described in the prefatory portion of the Order;

(12) Ameritech Illinois should be required to take all actions to implement our conclusions on residual, collocation prices, common or "shared" transport and OS/DA routings, transiting, port charges, NVS costs, local switching prices, non-recurring charges, power consumption charge, access charges, and usage development and implementation charges;

(13) the materials submitted by the parties in this proceeding on a proprietary basis or for which proprietary treatment was requested are hereby considered proprietary and should continue to be accorded proprietary treatment;

(14) any petitions, objections or motions in these consolidated dockets that have not been specifically disposed of should be disposed of in a manner consistent with our conclusions herein.

IT IS THEREFORE ORDERED that Ameritech Illinois and AT&T, MCI and Sprint be, and hereby are, directed to file within 45 days of this Order amended pricing schedules to their interconnection agreements containing the prices approved herein for review by this Commission pursuant to Section 252(e) of the federal Telecommunications Act of 1996.

IT IS FURTHER ORDERED that, within 45 days of the date of this Order, Ameritech Illinois shall file revised tariffs for interconnection, unbundled network elements and local transport and termination in order to fully comply with Findings (9) through (12) inclusive of this Order; Staff and parties shall have an opportunity to review the filing, then this matter will be reopened and set for further hearing fourteen days after the tariff filing in order to determine whether the filing is in compliance with this Order.

IT IS FURTHER ORDERED that the Commission chooses to exercise its jurisdiction over pole attachments and conduit occupancy and initiate an investigation into Ameritech's proposed terms and conditions

IT IS FURTHER ORDERED that any materials submitted in this proceeding for which proprietary treatment was requested shall be accorded proprietary treatment.

IT IS FURTHER ORDERED that any petitions, objections or motions made in this proceeding and not otherwise specifically disposed of herein are hereby disposed of in a manner consistent with the conclusions contained herein.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is not final; it is not subject to the Administrative Review Law.

By Order of the Commission this 17th day of February, 1998.

(SIGNED) DAN MILLER

Chairman

(S E A L)

Commissioners McDermott and Bohlen concurred; written opinions will be filed.

Chairman Miller dissented; a written opinion may be filed.

Platform / UNE Combination Chronology

MICHIGAN

Nov. 1996: AT&T won "shared transport" in the AT&T/Ameritech Interconnection Arbitration

Source: MPSC Case No. U-11151/U-11152.

Ameritech interpreted the decision as allowing AT&T to purchase a transport option that it must share with other CLECs, but not a transport option that allows AT&T to put its traffic on Ameritech's common network facilities.

Feb. 1997: In an effort to resolve the dispute raised by Ameritech's interpretation (and to arrive at a final approved Interconnection Agreement), the parties mediated the "shared transport" issue before the MPSC. The MPSC ruled that Ameritech must provide AT&T with common transport on network facilities shared with Ameritech.

More specifically, the MPSC found that there was nothing in the federal Act that supported Ameritech's proposed limitations on shared transport facilities. "Whether it makes economic sense to request a dedicated line rather than shared transport is a judgment that the competing carrier should be allowed to make."

Source: MPSC February 28, 1997 Order in Case No. U-11151/U-11152.

Feb-ongoing: AT&T attempted to negotiate use of shared transport/the platform with Ameritech. No resolution was reached.

Source: AT&T/Ameritech Platform Correspondence

July 1997: The first MI TSLRIC order was issued addressing the pricing of shared transport in MI. In that Order, the MPSC affirmed and restated its position on the availability of shared transport in Michigan. More particularly, the MPSC again found that common transport should be offered as an unbundled element of local exchange service pursuant to state law (see MCL 484.2355; MSA 22.1469(355)), finding that to restrict inter-office transmission options in the manner proposed by Ameritech Michigan would be contrary to the competitive purposes and policies of the Michigan Telecommunications Act. See MCL 484.2101; MSA

22.1469(101). The MPSC agreed with AT&T and the Staff that denying common transport to competing providers would work a hardship on smaller providers having less traffic or on those seeking to serve routes that do not have enough traffic to justify a dedicated trunk. The MPSC adopted the Staff's recommendation for implementing common transport service on a usage-sensitive basis and directed Ameritech Michigan to make revisions incorporating this requirement in its tariffs implementing its order.

Source: MPSC July 14, 1997 Order in Case No. U-11280

Ameritech sought and was granted a rehearing on this and other issues. As a basis for rehearing, Ameritech referenced the FCC's August 18, 1997 Order in CC Docket 97-295, its Third Order on Reconsideration and Further Notice of Proposed Rulemaking as well as the decisions rendered by the 8th Circuit Court of Appeals.

Ongoing: AT&T/Ameritech Platform-Shared Transport discussions continued and Ameritech continued to stonewall.

See, for example, Ted Edwards' 11/21/97 letter to Jane Medlin, in which Mr. Edwards denies that the references to "shared transport" in the Interconnection Agreements mean the same as "shared transport" in the FCC's Third Report and Order.

Jan. 1998: The MPSC issued its Order on Rehearing in the TSLRIC case, again affirming its position on state-law authorized common transport. The MPSC found that its July 14th Order held that common transport should be offered by Ameritech as an unbundled element of local exchange service pursuant to MCL 484.2355; MSA 22.1469(355), concluding that the restriction of inter-office transmission options in the manner proposed by Ameritech Michigan would be contrary to the competitive purposes and policies of the Michigan Telecommunications Act.

Upon review of the entirety of the record developed in the proceeding, the MPSC also found that Ameritech Michigan was required, under state law, to allow CLECs to utilize Ameritech's existing interoffice facilities as an unbundled network element to carry CLEC traffic, the rates for that element should be minute-of-use based, and usage of the element should not be restricted. That decision, which rested entirely upon state law, was expressly reaffirmed.

Pre-Emption: In support of its decision, the MPSC reviewed the decisions rendered by the 8th Circuit Court of Appeals and found that nothing in the 8th Circuit's decisions could be construed as a

pre-emption of its decision as premised on the Michigan Telecommunications Act. To the contrary, the MPSC found that the Eight Circuit expressly sought to preserve state efforts to open the local exchange monopoly such as those embodied in the MTA:

> "Subsection 252(c)(1) does require state commissions to ensure that arbitrated agreements comply with the Commission's regulations made pursuant to section 251, but by its very terms this provision confines the states only when they are fulfilling their roles as arbitrators of agreements pursuant to the federal Telecommunications Act of 1996. This provision does not apply to state statutes or regulations that are independent from the Telecommunications Act of 1996. Many states enacted legislation designed to open up local telephone markets to competition prior to the 1996 federal Act, see Iowa Utilities Bd., 109 F.3d at 427 n.7, and subsection 251(d)(3) was designed to preserve such work of the states."

The MPSC also found that, in its Third Order on Reconsideration, in a manner entirely consistent with this MPSC's state law order on common transport, the FCC ordered incumbent LECs to provide shared transport under federal law in a way that enabled the traffic of requesting carriers to be carried on the same facilities that an incumbent LEC used for its traffic. The MPSC expressly referenced the following language from the FCC's Third Order in support of its state law decision:

> [S]ome parties have argued that certain aspects of the rules adopted last August were ambiguous which, in our view, were clear. Specifically, in the *Local Competition Order*, we expressly required incumbent LECs to provide access to transport facilities "shared by more than one customer or carrier." The term "carrier" includes both an incumbent LEC as well as a requesting telecommunications carrier. We, therefore, conclude that "shared transport", as required by the *Local Competition Order* encompasses a facility that is shared by multiple carriers, including the incumbent LEC. We recognize that the *Local Competition Order* did not explicitly state that an incumbent LEC must provide shared transport in a way that enables the traffic of requesting carriers to

> be carried on the same facilities that an incumbent LEC uses for its traffic. We find, however, that a fair reading of our order and rules does not support the claim advanced by Ameritech that a shared network element necessarily is shared only among competitive carriers and is separate from the facility used by the incumbent LEC for its own traffic.

The MPSC also discussed the manner in which the FCC had explicitly addressed Ameritech's argument that the FCC's *Local Competition Order* required sharing only between multiple competitive carriers. While the MPSC did not rely on the Federal Act or the FCC regulations to render its decision, it concluded that its order was entirely consistent with the FCC's implementing orders on common transport.

The MPSC concluded: "Nothing in this record therefore leads this Commission to alter its July Order on common transport or to change the position which we have consistently held in the other dockets where the Commission has separately addressed the issue of common transport. Thus, the Commission finds that its July 14th Order requiring Ameritech to offer common transport as an unbundled network element on a minute-of-use basis pursuant to MCL 484.2355; MSA 22.1469(355) is just and reasonable. That Order is therefore affirmed."

Source: MPSC January 28, 1998 Order in Case No. U-11280.

Jan. 1998: The MPSC expanded the rationale of its state-law based decision on shared transport to UNE combinations in a decision rendered in an arbitration between BRE and GTE. More specifically, the MPSC held:

"Pursuant to Section 252(e)(3) of the federal Act, 47 USC 252(e)(3), Congress preserved the states' authority to establish and enforce additional requirements in arbitration proceedings. Thus, although Section 251 of the federal Act has been interpreted not to support requiring an incumbent LEC to combine elements on request, there is no prohibition on enforcing state law to that effect. Additional state-imposed conditions and requirements are only pre-empted when inconsistent with standards expressed in Section 251. 47 USC 261(c).

Although the Court vacated the FCC's rule requiring incumbent LECs to combine requested elements, the Court did not hold that it would be unlawful for an incumbent LEC to accede to a request to combine elements. There is nothing in Section 251 of the federal Act that prohibits an incumbent LEC from combining elements at the request of a competitive LEC. The MPSC therefore concludes that the requirement to